

ATHLETIC DEPARTMENT
UNIVERSITY OF NEW ORLEANS
LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA



AGREED-UPON PROCEDURES REPORT
ISSUED FEBRUARY 13, 2008

**LEGISLATIVE AUDITOR
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LOUISIANA LEGISLATIVE AUDITOR
STEVE J. THERIOT, CPA

January 15, 2008

Independent Accountant's Report on the
Application of Agreed-Upon Procedures

DR. TIMOTHY RYAN, CHANCELLOR
UNIVERSITY OF NEW ORLEANS
LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
New Orleans, Louisiana

We have performed the procedures enumerated below, which were agreed to by you, as chancellor of the University of New Orleans (university), solely to assist you in evaluating whether the accompanying Statement of Revenues and Expenses (Statement) of the University of New Orleans Athletic Department is in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 6.2.3 for the year ended June 30, 2007, and to assist you in your evaluation of the effectiveness of the University of New Orleans Athletic Department's internal control over financial reporting as of June 30, 2007. University management is responsible for the Statement (unaudited) and related notes (unaudited) and compliance with NCAA requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of management of the University of New Orleans. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures that we performed and our findings are as follows:

STATEMENT OF REVENUES AND EXPENSES

GENERAL PROCEDURES

1. We obtained written representations from management as to the fair presentation of the Statement of the intercollegiate athletics program, completeness of required schedules and related financial information, adequacy of controls, compliance with NCAA rules and regulations, and other information as we considered necessary for the year ended June 30, 2007.

2. We verified the mathematical accuracy of the amounts on the Statement and agreed the amounts to supporting schedules provided by the university and/or the university's general ledger.

We found no exceptions as a result of these procedures.

3. We inquired of management about the involvement of the university's internal auditor in the intercollegiate athletics program and we reviewed all athletics-related internal audit reports.

No internal audit reports on athletics were issued during the fiscal year ended June 30, 2007.

4. We compared each operating revenue and expense category for June 30, 2006, and June 30, 2007, to identify variances of 5 percent or greater between individual revenue and expense categories (line items) that are 5 percent or more of the total. We obtained and documented the university's explanations for any significant variations.

We identified variances of 5 percent or greater in the following revenue and expense accounts that are 5 percent or more of the total:

Revenues

Fee allocations

NCAA/Conference distributions

Royalties, advertisements, and sponsorships

Direct institutional support

Expenses

Coaching salaries, benefits, and bonuses paid by the university and related entities

Equipment, uniforms, and supplies

Game expense

Other operating expenses

5. We compared the budgeted revenues and expenses to actual revenues and expenses for each operating revenue and expense category for the year ended June 30, 2007, to identify any variances of 25 percent or greater in individual revenue and expense categories (line items) that are 5 percent or more of the total. We obtained and documented the university's explanations for any significant variations.

As a result of our procedures, we identified variances of 25 percent or greater between budget and actual amounts in the following revenue accounts and expense categories that are 5 percent or more of the total:

Revenues

Beer and liquor sales

Miscellaneous revenues

Expenses

Operating services

Supplies

Other charges

**MINIMUM AGREED-UPON PROCEDURES
FOR REVENUES**

1. Using a schedule prepared by the university, we compared the value of the tickets sold, complementary tickets provided, and unsold tickets for the reporting period per the schedule to the related revenue reported by the university in the general ledger and Statement and to the related attendance figures. We agreed the information on the schedule to the supporting home game reconciliations. The reconciliations for home games were recalculated.

We found no exceptions as a result of these procedures.

2. Based on the university's methodology for allocating student fees to the intercollegiate athletics program, we compared and agreed student fees reported in the Statement to student enrollment and obtained explanations from the university regarding any variances in excess of 5 percent.

We found no exceptions as a result of these procedures.

3. We selected a random sample of four away games with game guarantee settlements and agreed the amounts to the general ledger and to the contractual settlements. The settlement reports for the games tested were recalculated.

We found no exceptions as a result of these procedures.

4. We inquired with management to compare direct state or other governmental support recorded by the university during the period with state appropriations, institutional authorizations, and/or other corroborative supporting documentation.

The university did not have any direct state or other governmental support during the period.

5. We compared direct institutional support recorded by the university during the period with state appropriations, institutional authorizations, and/or other corroborative supporting documentation.

We found no exceptions as a result of this procedure.

6. We inquired with management about comparing indirect institutional support recorded by the university during the period with state appropriations, institutional authorizations, and/or other corroborative supporting documentation.

The university did not have any indirect institutional support recorded during the period.

7. Based on the relevant terms and conditions of one randomly selected agreement related to the university's participation in revenues from NCAA/Conference tournaments during the period, we compared and agreed the related revenues to the university's general ledger and/or the Statement. The totals were recalculated.

We found no exceptions as a result of these procedures.

8. Based on the relevant terms and conditions of all agreements related to the university's participation in revenues from broadcast, television, radio, and Internet rights during the period, we compared and agreed related revenues to the general ledger and/or the Statement. The totals were recalculated.

We found no exceptions as a result of these procedures.

9. Based on the relevant terms and conditions of two randomly selected agreements related to the university's participation in revenues from royalties, advertisements, and sponsorships during the period, we compared and agreed related revenues to the general ledger and/or the Statement. The totals were recalculated.

We found no exceptions as a result of these procedures.

10. We obtained schedules listing all sports-camp contracts between the university and the persons conducting university sports-camps or clinics during the period, the total amount of revenue generated for each camp, the charge per participant, and the number of participants for each camp. We randomly selected two individual camp participant cash receipts from the schedules and agreed each selection to the general ledger and/or Statement based on the university's methodology for recording revenues for the camps. The totals were recalculated.

We found no exceptions as a result of these procedures.

11. We inquired with management regarding endowment agreements to compare and agree the classification and use of the endowment and investment income reported in the statement for the period to the uses of the income as defined in the agreements.

The university had no endowment and investment income required to be reported in the Statement.

12. We randomly selected a sample of one program sales, concessions, novelty sales, and parking receipts revenue and agreed to adequate supporting documentation. The totals were recalculated.

We found no exceptions as a result of these procedures.

13. We randomly selected a sample of one operating revenue receipt from each category not previously mentioned and agreed to adequate supporting documentation.

We found no exceptions as a result of this procedure.

MINIMUM AGREED-UPON PROCEDURES FOR EXPENSES

1. We selected a random sample of seven students from the listing of university student aid recipients, obtained individual student-account detail for each selection, and compared total aid allocated from the related aid award letter to the student's account. The totals were recalculated.

We found no exceptions as a result of these procedures.

2. We obtained and inspected the largest contractual agreement pertaining to expenses recorded by the university from guaranteed contests during the period. We used the game settlement report from these contests to agree related expenses to the university's general ledger and/or Statement. The totals were recalculated.

We found no exceptions as a result of these procedures.

3. We obtained from management a list of coaches and support staff/administrative personnel paid by the university, examined the contracts for a random sample of the three highest paid support staff/administrative personnel and all head coaches from men's and women's basketball and baseball. The following procedures were performed:

- a. Compared and agreed the financial terms and conditions of each head coach selected to the related coaching salaries, benefits, and bonuses recorded by the university and related entities in the Statement.
- b. Obtained and inspected W-2s and 1099s for each selection.
- c. Compared and agreed related W-2s and 1099s for each selection to the related salaries, benefits, and bonuses paid by the university and related entities' expense recorded by the university in the Statement during the reporting period.

We found no exceptions as a result of these procedures.

4. We inquired of management regarding coaches and support staff/administrative personnel paid by third parties.

There were no coaches or support staff paid by third parties for the year ended June 30, 2007.

5. Using a list prepared by the university, we selected the athletic employee with highest severance payments and agreed the severance pay to the related termination letters or employment contracts. The totals were recalculated.

We found no exceptions as a result of these procedures.

6. We compared and agreed the university's recruiting expense policies to existing university and NCAA-related policies.

We found no exceptions as a result of this procedure.

7. We compared and agreed the university's team travel policies to existing university and NCAA-related policies.

We found no exceptions as a result of this procedure.

8. We inquired with management regarding indirect facilities support and indirect institutional support to determine if it is presented in accordance with the university's methodology for allocating indirect facilities support.

There were no indirect facilities support and indirect institutional support reported by the university in the Statement.

9. We inquired with management regarding indirect facilities and administrative support to compare and agree the Statement amount to the corresponding revenue category (indirect facilities and administrative support) reported in the university's general ledger.

There were no indirect facilities and administrative support reported by the university in the Statement.

10. We randomly selected a sample of two equipment, uniforms, and supplies expenses and agreed to adequate supporting documentation. The totals were recalculated.

We found no exceptions as a result of these procedures.

11. We randomly selected a sample of one game expense and agreed to adequate supporting documentation. The totals were recalculated.

We found no exceptions as a result of these procedures.

12. We randomly selected a sample of one fund raising, marketing, and promotion expense and agreed to adequate supporting documentation. The totals were recalculated.

We found no exceptions as a result of these procedures.

13. We randomly selected a sample of one sports-camp expense and agreed to adequate supporting documentation. The totals were recalculated.

We found no exceptions as a result of these procedures.

14. We randomly selected a sample of one direct facilities, maintenance, and rental expense and agreed to adequate supporting documentation. The totals were recalculated.

We found no exceptions as a result of these procedures.

15. We inquired with management regarding spirit group expenses.

The university incurred no expenses related to spirit groups during the period.

16. We randomly selected a sample of one medical and medical insurance expense and agreed to adequate supporting documentation. The totals were recalculated.

We found no exceptions as a result of these procedures.

17. We randomly selected a sample of one membership and dues expense and agreed to adequate supporting documentation. The totals were recalculated.

We found no exceptions as a result of these procedures.

18. We randomly selected a sample of one operating expense from each category not previously mentioned and agreed to adequate supporting documentation. The totals were recalculated.

We found no exceptions as a result of these procedures.

**MINIMUM AGREED-UPON PROCEDURES
FOR NOTES AND DISCLOSURES**

1. We obtained from university management a list of contributions received by the athletic department to identify any individual contributions that constitute more than 10 percent of the total contributions. We obtained and reviewed supporting documentation for each such contribution and ensured that the source of funds, goods, and services, as well as the value associated with these items, was properly disclosed within the notes to the Statement.

The University of New Orleans Foundation, an outside organization, contributed monies, goods, and services for or on behalf of the athletic department that exceeded 10 percent of the total contributions (note 1). We obtained and reviewed the supporting documentation for the Foundation contributions.

We found no exceptions as a result of this procedure.

2. We obtained a description of the university's policies and procedures for acquiring, approving, depreciating, and disposing of intercollegiate athletics-related assets along with a schedule of changes in those assets. We agreed the schedule of changes to the university's general ledger. We ensured that the university's policies and procedures and schedule of changes are properly disclosed within the notes to the Statement.

We found no exceptions as a result of these procedures.

3. We inquired as to the repayment schedules for all outstanding intercollegiate athletics debt maintained by the university during the period.

The university did not maintain any debt related to intercollegiate athletics during the period.

MINIMUM AGREED-UPON PROCEDURES FOR AFFILIATED AND OUTSIDE ORGANIZATIONS

1. We obtained written representations from management of the university that the listing of all known affiliated and outside organizations provided to us by the university are the only outside organizations created for or on behalf of the athletic department.
2. We obtained from management a summary of revenues and expenses for or on behalf of intercollegiate athletics programs by affiliated and outside organizations to be included with the agreed-upon procedures report and written representations as to the fair presentation of the summary and agreed the amounts reported to the university's general ledger.

We found no exceptions as a result of these procedures.

3. For all outside organizations that had an independent audit, we obtained the independent auditor's report, identified any significant deficiencies relating to the outside organization's internal controls, made inquiries of management, and documented any corrective action taken in response to the significant deficiencies.

The financial statements of the University of New Orleans Foundation were audited by an independent certified public accounting firm for the year ended June 30, 2007. The audit report is dated September 4, 2007, and included no reportable conditions relating to the outside organization's internal control.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the compliance of the accompanying Statement of Revenues and Expenses and related notes of the University of New Orleans' Athletic Department or on its compliance with NCAA Bylaw 6.2.3 or on the effectiveness of the University of New Orleans Athletic Department's internal control over financial reporting for the year ended June 30, 2007. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the chancellor of the University of New Orleans and is not intended to be and should not be used by anyone other than the chancellor. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Steve J. Theriot, CPA
Legislative Auditor

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**ATHLETIC DEPARTMENT
UNIVERSITY OF NEW ORLEANS
LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA**

**Statement of Revenues and Expenses
For the Year Ended June 30, 2007**

	MEN'S BASKETBALL	WOMEN'S BASKETBALL	BASEBALL	OTHER SPORTS	NON- PROGRAM SPECIFIC	TOTAL
REVENUES						
Operating Revenues:						
Ticket sales	\$52,404	\$13,539	\$27,023	\$2,553		\$95,519
Guarantees	110,000	\$2,500	14,000	6,000		132,500
Contributions	12,036	666	33,200	1,282	\$80,579	127,763
Student fees					2,096,303	2,096,303
NCAA/Conference distributions including all tournament revenues	405	484	208	25	189,490	190,612
Program sales, concessions, novelty sales, and parking	21,009	5,861	32,072	3,547	10,352	72,841
Royalties, advertisements, and sponsorships	161,564	50,464	59,252	10,408	210,117	491,805
Broadcast, television, radio, and Internet rights	14,283	3,383	7,959		5,831	31,456
Sports-camp revenues	5,814		3,925	16,654		26,393
Direct institutional support	87,727	103,532	81,342	269,479		542,080
Other	10,228		10,400	281	5,805	26,714
Total operating revenues	475,470	180,429	269,381	310,229	2,598,477	3,833,986
EXPENSES						
Operating Expenses:						
Athletic student aid	266,152	242,130	207,543	468,386	83,249	1,267,460
Guarantees	8,500	9,500	19,938	9,550	6,153	53,641
Coaching salaries, benefits, and bonuses paid by the university and related entities	372,784	220,349	223,222	217,615		1,033,970
Support staff/administrative salaries, benefits, and bonuses paid by the university and related entities	19,132	9,342	17,999	2,429	699,790	748,692
Severance payments		1,767	4,872	5,201	9,656	21,496
Recruiting	47,440	32,151	19,712	13,082	10,930	123,315
Team travel	171,715	99,461	150,516	103,078		524,770
Equipment, uniforms, and supplies	41,514	23,992	61,663	31,334	140,663	299,166
Game expenses	64,906	45,938	33,804	12,149	67,695	224,492
Direct facilities, maintenance, and repair	757	24	715	5,064	64,725	71,285
Sports-camp expense	6,465	1,027	4,504	20,919		32,915
Fund raising, marketing, and promotion	26,722	27,971	22,509	6,553	106,132	189,887
Medical expenses and medical insurance	13,969	3,030	28,539	12,630	(100)	58,068
Memberships and dues	1,230	145	105	295	4,695	6,470
Other operating expenses	63,130	10,611	41,780	8,919	188,772	313,212
Total operating expenses	1,104,416	727,438	837,421	917,204	1,382,360	4,968,839
EXCESS (Deficiency) OF REVENUES OVER (Under) EXPENSES	(\$628,946)	(\$547,009)	(\$568,040)	(\$606,975)	\$1,216,117	(\$1,134,853)

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1. CONTRIBUTIONS

No individuals or outside organizations other than the Privateer Athletic Foundation, an account within the University of New Orleans Foundation, contributed monies, goods, or services for or on behalf of the athletic department that exceeded 10 percent of the total contributions included in Statement A.

The athletic department received contributions totaling \$126,855 from the Privateer Athletic Foundation for the year ended June 30, 2007. Contributions of \$126,855 from the Privateer Athletic Foundation, on Statement A, reflect gifts in the form of goods, services, and benefits paid for or on behalf of the athletic department.

2. CAPITAL ASSETS

Capital assets are recorded at cost at the date of acquisition or their estimated fair value at the date of donation. For movable property, the university's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized if they exceed \$100,000. Any infrastructure exceeding \$3 million must be capitalized, but the university does not have any infrastructure that meets that criterion. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred. Depreciation is computed using the straight-line method over the estimated useful life of the assets, generally 40 years for buildings and infrastructure, 20 years for depreciable land improvements, and 3 to 10 years for most movable property. All departments within the university follow standardized policies and procedures established by state laws and regulations for acquiring, approving, depreciating, and disposing of capital assets.

The university has no debt associated with its athletic department's capital assets.

Capital asset activity for the Athletic Department for the year ended June 30, 2007, is as follows:

	Balance			Balance
	<u>June 30, 2006</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2007</u>
Capital assets - equipment	\$173,621			\$173,621
Less - accumulated depreciation	<u>(115,957)</u>	<u>(\$16,431)</u>	<u> </u>	<u>(132,388)</u>
Total capital assets	<u>\$57,664</u>	<u>(\$16,431)</u>	<u>NONE</u>	<u>\$41,233</u>

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